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FYI...

TO: Media Interested in Global Climate Issues
FROM: Frank Maisano, Global Climate Coalition, 202-628-3622
RE: Insurance Study on global warming impact
DATE: April 27, 1999

An article appeared Sunday concerning a study from the American Insurance Association. The study suggests that global warming actually poses little threat to insurance companies.

Senior research manager David Unnewehr conducted the study for AIA, a trade group that represents more than 375 property-casualty insurers.

Some have claimed that weather disasters brought on by rising temperatures will bankrupt insurers, but the AIA contradicts those claims.

I wanted to be sure that this information was brought to your attention. I hope you find this interesting. For more information or any concerns about climate change issues, please feel free to contact me, (202) 628-3622.



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Sunday April 25 4:13 PM ET

Global Warming Poses Insurers Little Risk

By Patricia Vowinkel

NEW YORK (Reuters) - Global warming may melt the ice caps but it will not sink the U.S. insurance industry.

Politicians and other activists have been trying to turn up the heat on insurers, warning that the industry faces devastating losses if it does not take more steps to reduce the global warming threat.

New York politicians in February held a hearing to discuss the threat to the insurance industry and to force it to play a greater role in efforts to tackle the problem.

A warmer global climate would melt the ice caps, raising sea levels, and would disturb weather patterns, causing droughts, severe storms, tornadoes, hurricanes and blizzards.

U.S. government scientists Thursday said carbon dioxide emissions could heat up the Earth by an average of 3 degrees Fahrenheit (2 degrees Celsius) over the next century.

But fears about the threat to the U.S. insurance industry are overblown, according to David Unnewehr, senior research manager for the American Insurance Association, a trade group that represents more than 375 property-casualty insurers.

That is because only about 20 percent of the industry's nearly \$300 billion in annual business is affected by weather, Unnewehr said in a report released last week.

"Climate change does not pose a severe threat to the U.S. property-casualty insurance industry," Unnewehr said in a statement. "About one-fifth of the industry's business is affected by weather and the industry is diverse and resilient enough to cope with any change in loss experience," he said.

For insurers, the biggest weather threat comes from hurricanes, which have the potential to cause tens of billions of dollars in losses.

But Unnewehr said scientific research showed little evidence that global warming would increase the frequency and severity of hurricanes.

"Much of the research seems to indicate that global warming would not increase the frequency of hurricanes and might even suppress hurricane development," he said in the report.

In addition, Colorado State Professor William Gray, a noted hurricane forecaster, believes there is little or no connection between global warming and hurricane development.

"The real problem is the tremendous growth in population, homes, commercial development in the most hurricane-prone regions of the United States, especially Florida and other states along the Southeast and Gulf coasts," he said.

Meanwhile, global warming could help to lessen the losses from winter storms and freezing, he said.

Over the past 10 to 15 years, property-casualty insurers have paid more than \$8 billion in winter storm and freeze losses, he said. Those losses include burst pipes, ice damming on roofs, collapsed roofs due to heavy snow and downed power lines.

If global warming did result in increased storm losses from tornadoes, hailstorms and other events, insurers would have the ability to adjust premiums, he said.

These adjustments do not always take place quickly or easily, he said. But the solvency of insurance companies is one of the responsibilities of state regulation.

Insurers also have some flexibility in deciding where they want to do business.

"The property-casualty insurance industry is very resilient and, where necessary, adapts to changing loss experience," he said. "Furthermore, the industry is a leader in advocating measures to minimize damage and injury that can be caused by weather-related events."

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- [Global Warming Poses Little Risk For Insurers](#) (April 25)

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